COUNTY OF LOS ANGELES

MARVIN J. SOUTHARD, D.S.W.
Director

SUSAN KERR
Chief Deputy Director

RODERICK SHANER, M.D.
Medical Director

550 SOUTH VERMONT AVENUE, LOS ANGELES, CALIFORNIA 90020

BOARD OF SUPERVISORS
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DEPARTMENT OF MENTAL HEALTH

http://dmh.lacounty.info

Reply To: (213) 738-4601
Fax: (213) 386-1297

February 23, 2006

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

37 MAR - 7 2006

Joanne Sturges
JOANNE STURGES
ACTING EXECUTIVE OFFICER

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

APPROVAL OF AN AMENDMENT TO THE CONSULTANT SERVICES AGREEMENT WITH OUTLOOK ASSOCIATES, INC. FOR FISCAL YEAR 2005-2006 (All SUPERVISORIAL DISTRICTS) (3 VOTES)

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve and instruct the Director of Mental Health or his designee to prepare, sign, and execute an Amendment, substantially similar to Attachment I, to the existing Department of Mental Health (DMH) Consultant Services Agreement No. DMH-02380 with Outlook Associates, Inc., consenting to an assignment of the Agreement to Outlook Associates, LLC, a wholly-owned subsidiary of Qualis Health, a Washington based non-profit corporation. The Amendment will be effective upon Board approval or the date executed, whichever is later, and the Maximum Compensation Amount (MCA) will remain the same.

2. Approve and instruct the Director of Mental Health or his designee to prepare, sign, and execute an Amendment, substantially similar to Attachment II, to the existing Department of Mental Health (DMH) Consultant Services Agreement No. DMH-02380 with Outlook Associates, LLC, clarifying and revising Objectives V and VI and their associated deliverables for Revenue Management Planning and Implementation services. The Amendment will be effective upon Board approval or the date executed, whichever is later, and the MCA will remain the same.

3. Delegate authority to the Director of Mental Health or his designee to prepare, sign, and execute future amendments to the Consultant Services Agreement and establish as a new MCA the aggregate of the Agreement and all amendments, provided that: 1) the County's total payments to the Consultant under the

Agreement for each fiscal year shall not exceed an increase of 20 percent from the applicable revised MCA; 2) any such increase shall be used to provide additional services or to reflect program and/or policy changes; 3) the Board of Supervisors has appropriated sufficient funds for all changes; 4) approval of County Counsel and the Chief Administrative Officer (CAO) or their designee is obtained prior to any such Amendment; 5) the parties may, by written Amendment, mutually agree to reduce programs or services without reference to the 20 percent limitation; and 6) the Director of Mental Health shall notify the Board of Supervisors of Agreement changes in writing within 30 days after execution of each Amendment.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTIONS

Outlook Associates, Inc., through its current Consultant Agreement with DMH, provides consultant services to DMH's Revenue Management Division. Outlook Associates, Inc., was recently acquired by Qualis Health, a Washington-based, non-profit corporation, and desires to delegate and assign all its rights, duties, and obligations under the Agreement to Outlook Associates, LLC, a wholly-owned subsidiary of Qualis Health. The Agreement prohibits the delegation of duties and assignment of rights without the County's consent. Qualis Health and Outlook Associates, Inc., have asked the County for such consent. DMH has reviewed the financial statements and other background material required by this Board's policy regarding mergers and acquisitions, and finds Qualis Health and Outlook Associates, LLC, to be responsible and capable of carrying out the services.

Additionally, DMH requests approval of an Amendment to the existing Consultant Agreement in order to clarify and revise Objectives V and VI of the DMH Statement of Work for Revenue Management Planning and Implementation Initiative and their associated deliverables as follows:

Objective V - Document processes for provider claims submissions, interpreting and configuring benefit, contract, and other administrative rules and parameters necessary to accurately adjudicate claims, tracking claims transmission, and correcting errors for claims data transmissions between the various data repositories on the Integrated System (IS) and Mental Health Management Information System (MHMIS) and obtain all necessary validations and approvals.

Deliverables for Objective V

- Documented process for providers to submit claims into IS and exception processing "trouble shooting" guide.

- Documented "best practice" processes and tools for interpreting and configuring all benefit, contract, and other administrative rules for accurate claims adjudication and payment with approvals.

- Documented control procedures and tools for tracking claims transmission and correcting errors for claims data transmissions between the various data repositories on the IS and MHMIS systems.

Objective VI - In preparation of the IS/MHMIS Replacement Project, develop operational scenarios and test cases and document expected outcomes to support product demonstrations and system validation processes.

Deliverables for Objective VI

- Testing scenarios and cases with expected outcomes for validating accurate setup of the new system.

Implementation of Strategic Plan Goals

The recommended Board actions are consistent with the principles of the Countywide Strategic Plan Programmatic Goal No. 3 "Organizational Effectiveness." The assignment of the Agreement will result in continuation of providing effective and quality services.

FISCAL IMPACT/FINANCING

There is no increase in net County cost.

The requested action will not increase the MCA of the Agreement as Outlook Associates, LLC, will assume Outlook Associates, Inc., Fiscal Year 2005-2006 MCA of $600,000.

FACTS AND PROVISIONS/LEGAL REQUIREMENT

Outlook Associates, Inc., through its current Agreement with DMH, provides consultant services to the Revenue Management Division. Qualis Health is a Washington based non-profit corporation that provides quality improvement and other services to government and private parties involved in health care.

On December 28, 2005, Qualis Health acquired the assets of Outlook Associates, Inc. As a result of the acquisition, Outlook Associates, Inc., became Outlook Associates, LLC, and a wholly-owned subsidiary of Qualis Health. Qualis Health and Outlook Associates, Inc., have asked the County to consent to an assignment of the Agreement to Outlook Associates, LLC.

Pursuant to this Board's newly adopted policy regarding mergers and acquisitions, DMH has conducted the required review for assignments and finds Qualis Health and Outlook Associates, LLC, to be viable and experienced and capable of performing the required services.

Upon this Board's consent, the consultant work components will be provided by Outlook Associates, LLC, under the DMH contract and will include:

- Develop a DMH Revenue Management Project Plan in Microsoft project that incorporates deliverables.

- Through review of research completed to date and supplemental research and analysis, identify gaps in current systems and processes resulting in lost revenue, missing/lagged claims, and incorrect/missing payments to providers. Develop clear and accurate claims liability summaries by program, provider and payment period to access the full financial exposure.

- Develop and implement effective, industry standard claims inventory and reconciliation processes and controls to accurately monitor and report claims volumes, payment/processing status, outstanding liabilities, resubmission status and opportunities, error rates, and other key measures necessary to effectively manage DMH revenues.

- Assist DMH to establish a fully-functional revenue management unit responsible for continuing management of the above processes, controls, and management reporting. Develop job descriptions, policies, procedures, training tools, and other materials necessary to support establishment of the DMH unit. Assist with recruiting and interviewing candidates. Provide interim oversight of the revenue management function until DMH trained personnel are in place.

- Document processes for provider claims submissions, interpreting and configuring benefit, contract, and other administrative rules and parameters necessary to accurately adjudicate claims, tracking claims transmission, and correcting errors for claims data transmissions between the various data

repositories on the IS and MHMIS systems and obtain all necessary validations and approvals.

- In preparation of the IS/MHMIS Replacement Project, develop operational scenarios and test cases and document expected outcomes to support product demonstrations and system validation processes.

Outlook Associates, LLC, will continue to deliver the same array of services provided by Outlook Associates, Inc. The quantity and quality of services previously provided will not be diminished. Outlook Associates, LLC, will be administratively headquartered at 17962 East 17th Street, Suite 207, Tustin, CA 92780.

Additionally, the parties desire to amend the Agreement to clarify and revise Objectives V and VI and their associated deliverables for Revenue Management Planning and Implementation Initiative for services and to add the new Board-mandated clause on "Consultant's Charitable Activities Compliance" for nonprofit contract providers, as well as the revised Board-mandated clauses on "Consultant Responsibility and Debarment" and "Delegation and Assignment by Contractor." The Amendment format has been approved as to form by County Counsel. The CAO has reviewed the proposed actions.

IMPACT ON CURRENT SERVICES

Approval of this assignment and of this Amendment will allow for a smooth transition in service provision, with continued services to the Revenue Management Division. It is anticipated that service levels and quality will be maintained so that there will be no negative impact on current services.

CONCLUSION

The Department of Mental Health will need one (1) copy of the adopted Board's action. It is requested that the Executive Officer of the Board notifies the Department of Mental Health's Contracts Development and Administration Division at (213) 738-4684 when this document is available.

Respectfully submitted,

Marvin J. Southard, D.S.W.
Director of Mental Health

MJS:MY:NB:KL

Attachments

c: Chief Administrative Office
County Counsel
Chairperson, Mental Health Commission

File:outlookamend (2.22.06)

ATTACHMENT I

CONTRACT NO. **DMH-02380**

APPROVAL OF DELEGATION OF DUTIES AND ASSIGNMENT OF RIGHTS OF AGREEMENT

AMENDMENT NO. 1

THIS APPROVAL OF ASSIGNMENT OF AGREEMENT is made and entered into this ___ day of ____, 2006 by and between the COUNTY OF LOS ANGELES (hereafter "County"), Outlook Associates, Inc. (hereafter "Assignor") and **Outlook Associates, LLC** (hereafter "Assignee").

WHEREAS, County and **Outlook Associates, Inc**. have entered into a written Agreement, dated May 10, 2005, identified as County Agreement No. DMH-02380 (hereafter "Agreement"); and

WHEREAS, the Agreement, Paragraph 31, "Delegation and Assignment" prohibits Consultant from delegating its duties or assigning its rights, or both, thereunder without the prior written consent of County; and

WHEREAS, effective December 28, 2005, Outlook Associates, Inc. was acquired by Qualis Health, a Washington based non-profit corporation, the parent company of Outlook Associates, LLC; and

WHEREAS, Outlook Associates, Inc. and Qualis Health have requested the assignment of Agreement from Outlook Associates, Inc. to Outlook Associates, LLC; and

WHEREAS, the Department of Mental Health has conducted a thorough review of Outlook Associates, LLC and has determined that Outlook Associates, LLC can

effectively provide the services provided by Outlook Associates, Inc. and assume the other duties as set forth in Agreement; and

WHEREAS, County and Assignor and Assignee intend to amend the Agreement to delegate the duties and assign the rights and obligations of Outlook Associates, Inc. under Agreement to Outlook Associates LLC and to reflect the address of the Outlook Associates, LLC administrative headquarters as 17962 East 17th Street, Suite 207, Tustin, CA 92780; and

WHEREAS, for Fiscal Year 2005-2006 and any subsequent fiscal years, the Maximum Compensation Amount (MCA) shall remain the same.

NOW, THEREFORE, County and Assignor and Assignee agree that Agreement shall be amended only as follows:

1. All of Outlook Associate Inc.'s rights and responsibilities under Agreement are assigned and delegated to Outlook Associates, LLC, effective December 29, 2005.
2. County hereby consents to such assignment and delegation.
3. All payments on claims that are submitted under Agreement after the effective date of this Amendment shall be made to Outlook Associates, LLC:
4. Any payments by County to Outlook Associates, LLC on any claim under this Agreement shall be deductible, at County's sole discretion, against the claims which Outlook Associates, Inc. may have against County.
5. Except as provided in this Amendment, all other terms and conditions of the Agreement shall remain in full force and effect.

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IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Approval of Delegation of Duties and Assignment of Rights of Agreement to be subscribed by County's Director of Mental Health or his designee, and Assignor and Assignee have caused this Amendment to be subscribed in their respective behalf by their duly authorized officer, the day, month and year first above written.

COUNTY OF LOS ANGELES

By _____
MARVIN J. SOUTHARD, D.S.W.
Director of Mental Health

_____
ASSIGNOR

By _____

Name _____

Title _____
(AFFIX CORPORATE SEAL HERE)

APPROVED AS TO FORM
OFFICE OF THE COUNTY COUNSEL

_____
ASSIGNEE

By _____

APPROVED AS TO CONTRACT
ADMINISTRATION:

DEPARTMENT OF MENTAL HEALTH

Name _____

By _____
Chief, Contracts Development
and Administration Division

Title _____
(AFFIX CORPORATE SEAL HERE)

Outlook.Amend.2/22/06

ATTACHMENT II

CONTRACT NO. **DMH-02380**

AMENDMENT NO. **1**

THIS AMENDMENT is made and entered into this ___ day of _____, 2006 by and between the COUNTY OF LOS ANGELES (hereafter "County") and **Outlook Associates, LLC** formerly known as **Outlook Associates, Inc**. (hereafter "Consultant").

WHEREAS, County and Consultant have entered into a written Agreement, dated May 10, 2005, identified as County Agreement No. DMH-02380 (hereafter "Agreement"); and

WHEREAS, for Fiscal Year 2005-2006 and any subsequent fiscal years, County and Consultant intend to amend Agreement only as described hereunder; and

WHEREAS, County and Consultant intend to amend Agreement to clarify and revise Objectives V and VI and their associated deliverables in the Statement of Work for Revenue Management Planning and Implementation Initiative for services to be provided by Outlook Associates, LLC; and

WHEREAS, for Fiscal Year 2005-2006 and any subsequent fiscal years, the Maximum Compensation Amount (MCA) shall remain the same; and

WHEREAS, for Fiscal Year 2005-2006 and any subsequent fiscal years, County and Consultant intend to amend the Agreement to add revised Board-mandated contract language in regards to "Consultant Responsibility and Debarment"; and

WHEREAS, for Fiscal Year 2005-2006 and any subsequent fiscal years, County and Consultant intend to amend the Agreement to add new Board-mandated contract language in regards to "Consultant's Charitable Activities Compliance"; and

WHEREAS, for Fiscal Year 2005-2006 and any subsequent fiscal years, County and Consultant intent to amend the Agreement to add revised Board-mandated contract language in regards to "Delegation and Assignment by Contractor.

NOW, THEREFORE, County and Consultant agree that Agreement shall be amended only as follows:

1. Objectives V and VI and their associated deliverables in the Statement of Work shall be clarified and revised as follows:

Objective V - Document processes for provider claims submissions, interpreting and configuring benefit, contract and other administrative rules and parameters necessary to accurately adjudicate claims, tracking claims transmission and correcting errors for claims data transmissions between the various data repositories on the IS and MHMIS systems and obtain all necessary validations and approvals.

Deliverables for Objective V

- Documented process for providers to submit claims into IS and exception processing"trouble shooting" guide.
- Documented "best practice" process and tools for interpreting and configuring all benefit, contract and other administrative rules for accurate claims adjudication and payment with approvals.

- Documented control procedures and tools for tracking claims transmission and correcting errors for claims data transmissions between the various data repositories on the IS and MHMIS systems.

Objective VI - In preparation of the Integrated System/Mental Health Management Information Systems Replacement Project, develop operational scenarios and test cases and document expected outcomes to support product demonstrations and system validation processes.

Deliverables for Objective VI

- Testing scenarios and cases with expected outcomes for validating accurate setup of the new system.

2. Paragraph 27 (CONSULTANT RESPONSIBILITY AND DEBARMENT) shall be deleted in its entirety and the following substituted therefor:

"27. CONSULTANT RESPONSIBILITY AND DEBARMENT

The following requirements set forth in the County's Non-Responsibility and Debarment Ordinance (Title 2, Chapter 2.202 of the County Code) are effective for this Agreement, except to the extent applicable State and/or Federal laws are inconsistent with the terms of the Ordinance.

A. A responsible Consultant is a Consultant who has demonstrated the attribute of trustworthiness, as well as quality, fitness, capacity and experience to satisfactorily perform the contract. It is the County's policy to conduct business only with responsible Consultants.

B. The Consultant is hereby notified that, in accordance with Chapter 2.202 of the County Code, if the County acquires information concerning the

performance of the Consultant on this or other Agreements which indicates that the Consultant is not responsible, the County may, in addition to other remedies provided in the Agreement, debar the Consultant from bidding or proposing on, or being awarded, and/or performing work on County Agreements for a specified period of time, which generally will not exceed five years but may exceed five years or be permanent if warranted by the circumstances, and terminate any or all existing contracts the Consultant may have with the County.

C. The County may debar a Consultant if the Board of Supervisors finds, in its discretion, that the Consultant has done any of the following: (1) violated a term of an Agreement with the County or a nonprofit corporation created by the County; (2) committed an act or omission which negatively reflects on the Consultant's quality, fitness or capacity to perform a contract with the County, any other public entity, or a nonprofit corporation created by the County, or engaged in a pattern or practice which negatively reflects on same; (3) committed an act or offense which indicates a lack of business integrity or business honesty, or (4) made or submitted a false claim against the County or any other public entity.

D. If there is evidence that the Consultant may be subject to debarment, the Department will notify the Consultant in writing of the evidence which is the basis for the proposed debarment and will advise the Consultant of the scheduled date for a debarment hearing before the Consultant Hearing Board.

E. The Consultant Hearing Board will conduct a hearing where evidence on the proposed debarment is presented. The Consultant and/or the Consultant's representative shall be given an opportunity to submit evidence at that hearing. After the hearing, the Consultant Hearing Board shall prepare a tentative proposed decision, which shall contain a recommendation regarding whether the Consultant should be debarred, and, if so, the appropriate length of time of the debarment. The Consultant and the Department shall be provided an opportunity to object to the tentative proposed decision prior to its presentation to the Board of Supervisors.

F. After consideration of any objections, or if no objections are submitted, a record of the hearing, the proposed decision and any other recommendation of the Consultant Hearing Board shall be presented to the Board of Supervisors. The Board of Supervisors shall have the right to modify, deny or adopt the proposed decision and recommendation of the Hearing Board.

G. If a Consultant has been debarred for a period longer than five years, that Consultant may, after the debarment has been in effect for at least five years, submit a written request for review of the debarment determination to reduce the period of debarment or terminate the debarment. The County may, in its discretion, reduce the period of debarment or terminate the debarment if it finds that the Consultant has adequately demonstrated one or more of the following: (1) elimination of the grounds for which the debarment was imposed; (2) a bona fide change in ownership or management; (3) material evidence discovered after

debarment was imposed; or (4) any other reason that is in the best interests of the County.

H. The Consultant Hearing Board will consider a request for review of a debarment determination only where (1) the Consultant has been debarred for a period longer than five years; (2) the debarment has been in effect for at least five years; and (3) the request is in writing, states one or more of the grounds for reduction of the debarment period or termination of the debarment, and includes supporting documentation. Upon receiving an appropriate request, the Consultant Hearing Board will provide notice of the hearing on the request. At the hearing, the Consultant Hearing Board shall conduct a hearing where evidence on the proposed reduction of debarment period or termination of debarment is presented. This hearing shall be conducted and the request for review decided by the Consultant Hearing Board pursuant to the same procedures as for a debarment hearing.

The Consultant Hearing Board's proposed decision shall contain a recommendation on the request to reduce the period of debarment or terminate the debarment. The Consultant Hearing Board shall present its proposed decision and recommendation to the Board of Supervisors. The Board of Supervisors shall have the right to modify, deny, or adopt the proposed decision and recommendation of the Consultant Hearing Board.

I. These terms shall also apply to (subConsultants/subconsultants) of County Consultants".

3. Paragraph 31 (DELEGATION AND ASSIGNMENT shall be deleted in its entirety and following substituted therefore:

"31. DELEGATION AND ASSIGNMENT BY CONTRACTOR

A. Consultant shall not assign its rights or delegate its duties under this Agreement, or both, whether in whole or in part, without the prior consent of County, in its discretion, and any attempt assignment or delegation without such consent shall be null and void. For purposes of this paragraph, County consent shall require a written amendment to this Agreement, which is formally approved and executed by the parties. Any payments by County to any approved delegate or assignee on any claim under this Agreement shall be deductible, at County's sole discretion, against the claims which Consultant may have against County.

B. Shareholders, partners, members, or other equity holders of Consultant may transfer, sell, exchange, assign, or divest themselves of any interest they may have therein. However, in the event any such sale, transfer, exchange, assignment, or divestment is effected in such a way as to give majority control of Consultant to any person(s), corporation, partnership, or legal entity other than the majority controlling interest therein at the time of execution of this Agreement, such disposition is an assignment requiring the prior written consent of County in accordance with applicable provisions of this Agreement.

C. Any assumption, assignment, delegation, or takeover of any of the Contractor's duties, responsibilities, obligations, or performance of same by any entity other than the Consultant, whether through assignment, subconsultant, delegation, merger, buyout, or any other mechanism, with or without consideration for any reason express whatsoever without County's

4. Paragraph 44 (CONSULTANT'S CHARITABLE ACTIVITIES COMPLIANCE) shall be added to the Agreement:

"44. CONSULTANT'S CHARITABLE ACTIVITIES COMPLIANCE

The Supervision of Trustees and Fundraisers for Charitable Purposes Act regulates entities receiving or raising charitable contributions. The "Nonprofit Integrity Act of 2004" (SB 1262, Chapter 919) increased Charitable Purposes Act requirements. By requiring Consultants to complete the certification in Attachment IX, the County seeks to ensure that all County Consultants which receive or raise charitable contributions comply with California law in order to protect the County and its taxpayers. A Consultant which receives or raises charitable contributions without complying with its obligations under California law commits a material breach subjecting it to either contract termination or debarment proceedings or both. (County Code Chapter 2.202)."

5. Exhibit G (Charitable Contributions Certification) shall be added to the Agreement.

6. Except as provided in this Amendment, all other terms and conditions of the Agreement shall remain in full force and effect.

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IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Amendment to be subscribed by County's Director of Mental Health or his designee, and Consultant has caused this Amendment to be subscribed in its behalf by its duly authorized officer, the day, month and year first above written.

COUNTY OF LOS ANGELES

By _____
MARVIN J. SOUTHARD, D.S.W.
Director of Mental Health

_____
CONSULTANT

By _____

Name _____

Title _____
(AFFIX CORPORATE SEAL HERE)

APPROVED AS TO FORM
OFFICE OF THE COUNTY COUNSEL

APPROVED AS TO CONTRACT ADMINISTRATION:

DEPARTMENT OF MENTAL HEALTH

By _____
Chief, Contracts Development
and Administration Division

Outlook.Amend.2/22/06